

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on February 17, 2003 at 10:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Jim Keane, Vice Chairman (D)
Rep. Donald Steinbeisser, Vice Chairman (R)
Rep. Bob Bergren (D)
Rep. Rod Bitney (R)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Ray Hawk (R)
Rep. Bob Lawson (R)
Rep. Rick Maedje (R)
Rep. Gary Matthews (D)
Rep. Scott Mendenhall (R)
Rep. Penny Morgan (R)
Rep. Allen Rome (R)
Rep. Sandy Weiss (D)
Rep. Bill Wilson (D)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch
Alberta Strachan, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 613 (2/13/03); HB 588 (2/13/03)
Executive Action: HB 526 Table

HEARING ON HB 613

Sponsor: REP. MICHAEL LANGE, HB 19, Billings

Opening Statement by Sponsor:

REP. LANGE read the title of the bill: An act authorizing the creation of economic development corporations; providing that the purpose of economic development corporations is to make qualified investments; enumerating qualified investments, providing that earnings on a qualified investment are tax exempt if the earnings are reinvested within 3 years.

{Tape: 1; Side: A; Approx. Time Counter: 29 - 125}

Proponents' Testimony:

Jerry Driscoll, Montana State AFL-CIO, said these corporations are risking their money instead of state tax money, pension money or the Coal Tax money. It would be their risk and not the general public. That is very important.

{Tape: 1; Side: A; Approx. Time Counter: 125 - 136}

Gary Amestoy, Richland Economic Development Corporation, said this bill would provide local economic development organizations with another tool to help some of their projects.

{Tape: 1; Side: A; Approx. Time Counter: 136 - 149}

Rae Olsen, Big Sky Economic Development, Billings, said they support this bill. They particularly look with favor on the new section which provides a tax credit to independent individuals or businesses that wish to invest in economic development in their area. It will allow a great deal of benefit in the local community and in the partnerships.

{Tape: 1; Side: A; Approx. Time Counter: 149 - 163}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REP. BOOKOUT-REINICKE asked REP. Lange if there was a fiscal note with this bill. Her answer was, "No."

{Tape: 1; Side: A; Approx. Time Counter: 169 - 192}

REP. GALLIK asked REP. LANGE about a situation where people could use this legislation to dodge taxes. **REP. LANGE** said the rules are tight. This would be a public benefit and it will be used

as a public benefit. There are stipulations to meet this benefit.

{Tape: 1; Side: A; Approx. Time Counter: 192 - 357}

REP. WEISS asked **REP. LANGE** about county commissioners who would provide oversight for the economic development in their counties.

REP. LANGE said the county commissioners, in the normal course of duties, do not "rubber stamp" every single move that an economic development group makes.

{Tape: 1; Side: A; Approx. Time Counter: 357 - 414}

REP. FRITZ asked **REP. LANGE** if there was anything in this bill which would show some of the things done in economic development programs to disallow unfair competition. **REP. LANGE** said this bill gives another opportunity for individuals and businesses who may feel an authority is attempting to bring in a business park, as an example, which may somehow be competing with their interest in the same city or county.

{Tape: 1; Side: A; Approx. Time Counter: 414 - 488}

REP. MAEDJE asked **REP. LANGE** about the issue of competition with existing businesses. He said this was correct.

{Tape: 1; Side: A; Approx. Time Counter: 488 - 500}

Closing by Sponsor:

The sponsor closed.

{Tape: 1; Side: B; Approx. Time Counter: 1 - 48}

HEARING ON HB 588

Sponsor: **REP. GARY MATTHEWS, HD 4, Miles City**

Opening Statement by Sponsor:

REP. MATTHEWS read the title of the bill: An act providing that midterm increases on contracts of property or casualty insurance are not prohibited if they result from a change in insurance risk or from a change in the classification of the insured based upon the insurer's filed classification system in effect at the time of the policy's last renewal.

{Tape: 1; Side: B; Approx. Time Counter: 56 - 74}

Proponents' Testimony:

Greg Van Horssen, State Farm Insurance Company, said this bill affects the entire industry. The changes in this bill simply

will acknowledge that there are times when a company is justified in raising premiums mid term which would be allowed under limited circumstances.

{Tape: 1; Side: B; Approx. Time Counter: 74 - 182}

Jacqueline Lenmark, American Insurance Association, said they support this bill.

{Tape: 1; Side: B; Approx. Time Counter: 182 - 196}

Opponents' Testimony:

Angela Huschka, State Auditor's Office, presented amendments for consideration. She then explained the amendments.

EXHIBIT (buh35a01)

{Tape: 1; Side: B; Approx. Time Counter: 196 - 316}

Informational Testimony: None

Questions from Committee Members and Responses:

REP. GALLIK asked Mr. Van Horssen if any other states have credit scoring. **Mr. Van Horssen** said there are other states using credit scoring.

{Tape: 1; Side: B; Approx. Time Counter: 316 - 479}

REP. MAEDJE asked Mr. Van Horssen for a definition of "insurance risks" or "risk classification." **Mr. Van Horssen** said the definitions in this law that address premium changes and cancellations for property and casualty insurance are in 33-15-1101.

{Tape: 2; Side: A; Approx. Time Counter: 1 - 35}

REP. MORGAN said this bill appeared to be very one-sided. **Mr. Van Horssen** said the insurance companies can do nothing with respect to changing premiums unless they had first been filed with the department in the form of the rates and classification system. This is not a subjective situation. By virtue of a filed classification system, there has been a change in status or risk that requires an increase in the premium mid term.

{Tape: 2; Side: A; Approx. Time Counter: 35 - 113}

REP. BOOKOUT-REINICKE asked if the bill should be passed with or without the amendment. **REP. MATTHEWS** said the amendments would have a substantial change for the bill. With the amendments it would either be more work for the Auditor's Office or the insurance agencies.

{Tape: 2; Side: A; Approx. Time Counter: 113 - 193}

Closing by Sponsor:

The sponsor closed.

{Tape: 2; Side: A; Approx. Time Counter: 193 - 296}

EXECUTIVE ACTION ON HB 526

{Tape: 2; Side: A; Approx. Time Counter: 311 - 500}

Motion: REP. MAEDJE moved HB 526 DO PASS.

Discussion:

Mr. Campbell distributed three sets of amendments. The Maedje amendments, the Kaufmann amendments, and the Morgan amendments. He explained these amendments.

EXHIBIT (buh35a02)

EXHIBIT (buh35a03)

EXHIBIT (buh35a04)

Motion/Vote: REP. MAEDJE moved HB 526 AMENDMENTS. (Exhibit 2). A roll call vote was taken. Motion carried 10-8 with REPS. KEANE, BERGREN, FRITZ, GALLIK, GALVIN-HALCRO, LAWSON, WEISS, WILSON voting no.

Motion/Vote: REP. KEANE moved HB 526 AMENDMENTS. (Exhibit 3). A voice vote was taken. Motion carried 18-0.

Motion/Vote: REP. MORGAN moved HB 526 AMENDMENTS. (Exhibit 4). A roll call vote was taken. Motion carried 12-6 with REPS. KEANE, FRITZ, GALLIK, GALVIN-HALCRO, WEISS, WILSON voting no.

Discussion:

CHAIRMAN MCKENNEY said the bill is a mandate. The cost would be passed on to the customers who purchase health care insurance. The amendment changes the bill from being a mandate to requiring the insurance companies to offer a plan that contains contraception coverage. It is not necessarily on every plan. Payment always gets passed on to the consumer.

REP. MAEDJE said he did not oppose killing the bill.

REP. MENDENHALL said the difference between the bill and the bill with the amendments is the mandated coverage. As the bill is written, it would require everyone to share in the cost and not just the people who use it. The amendment indicates the coverage

would be offered to the customer and the customer would in turn pay for the coverage.

REP. KEANE asked **REP. MAEDJE** if he had contacted the sponsor of the bill in regard to these amendments. **REP. MAEDJE** said he had not.

Motion: **REP. MORGAN** moved **HB 526 DO PASS AS AMENDED.**

Discussion:

REPS. STEINBEISSER, GALLIK, BITNEY, WEISS, McKENNEY oppose this bill.

Motion: **REP. GALVIN-HALCRO** made a **SUBSTITUTE MOTION TO TABLE HB 526.**

Discussion:

CHAIRMAN McKENNEY said he was going to oppose the bill because it creates another mandate from the insurance companies on health care issues. One of the many reasons for opposition is that one in five Montanans do not have health insurance. Mandates add to the cost of the insurance.

Vote: A roll call vote was taken. Motion carried 13-5 to table HB 526 with **REPS. KEANE, BERGREN, FRITZ, WEISS, WILSON** voting no.

ADJOURNMENT

Adjournment: 12:05 A.M.

REP. JOE MCKENNEY, Chairman

ALBERTA STRACHAN, Secretary

JM/AS

EXHIBIT (buh35aad)